

Message Text

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EXDIS

E.O. 11652: GDS

TAGS: PFOR, OVIP (KISSINGER, HENRY A.)

SUBJECT: SPECIAL SUMMARY NUMBER 1: TELEGRAPHIC SUMMARY

1. PORTUGAL

A. GONCALVES ATTACKS GOVERNMENT

IN HIS FIRST INTERVIEW SINCE DEPARTING THE GOVERNMENT,
FORMER PRIME MINISTER GONCALVES SAID THE CURRENT CRISIS
WAS DUE TO A SPLIT WITHIN THE AFM. ACCORDING TO
GONCALVES:

--THE RIGHT, AFTER STAGING A SUCCESSFUL "PALACE COUP",
IS LEADING THE COUNTRY TOWARDS A POLITICAL SYSTEM

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WHICH WILL RESEMBLE THAT OF LIBYA OR EGYPT AND WHICH
WILL LEAD INEVITABLY TO FASCISM.

--ONLY THE LEFT CAN PREVENT THIS.

--CURRENT ECONOMIC DIFFICULTIES ARE DUE TO THE EFFECTS OF THE DESTRUCTION OF MONOPOLY CAPITALISM, THE "ECONOMIC BOYCOTT" OF PORTUGAL BY THE WEST, AND PARTISAN POLITICAL STRUGGLES WITHIN THE BUREAUCRACY.

THE COMMUNIST-LINING PRESS HAS FOR THE PAST WEEK BEEN REFERRING WITH INCREASING FREQUENCY TO A POSSIBLE RETURN BY GONCALVES AND CALLS FOR HIS RETURN ARE AGAIN HEARD AT LEFT WING RALLIES.

B. AZEVEDO ADDRESSES NATION

PRIME MINISTER AZEVEDO ADDRESSED THE NATION IN A TELEVISED SPEECH DEALING LARGELY WITH SERIOUS ECONOMIC PROBLEMS SUCH AS THE BALANCE OF PAYMENTS AND BUDGET DEFICITS AND THE RISING RATE OF INFLATION.
AZEVEDO:

--EMPHASIZED THE NEED FOR A DISCIPLINED AUSTERITY PROGRAM BUT DID NOT PRESENT A SPECIFIC, ORGANIZED PROPOSAL TO DEAL WITH THESE PROBLEMS;

--NOTED THAT AUTHORITY AND DISCIPLINE WITHIN THE ARMED FORCES ARE ESSENTIAL TO THE PRESERVATION OF THE GOVERNMENT AND THE GOVERNMENT WILL DEFEND ITSELF AGAINST ATTACKS FROM BOTH THE RIGHT AND THE LEFT.

EMBASSY COMMENT: AZEVEDO'S COMMENTS ON DISCIPLINE AND AUTHORITY WERE LARGELY A REITERATION OF PREVIOUS STATEMENTS BY THE RC AND THE COUNCIL OF MINISTERS. SUCH EXHORTATIONS WILL NOT RESTORE MILITARY DISCIPLINE OR CONFIDENCE IN THE GOVERNMENT'S ABILITY TO PUT ITS OWN HOUSE IN ORDER. THE DIFFERENCE LIES BASICALLY IN THE EXPECTATION THAT THE GOVERNMENT

DOES INDEED INTEND TO PREPARE AND INTRODUCE AN
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AUSTERITY PROGRAM.

C. GROWING DISENCHANTMENT WITH EASTERN EUROPE

THE DISAPPOINTING ECONOMIC RESULTS OF PRESIDENT COSTA GOMES' STATE VISITS TO THE USSR AND POLAND HAVE REINFORCED PORTUGAL'S GROWING DISAPPOINTMENT WITH EASTERN EUROPE. OF THREE CONTRACTS CONCLUDED DURING OR SHORTLY AFTER THE VISIT, TWO CLEARLY PROVIDE FOR SALES PRICES BELOW ESCUDO PRODUCTION COSTS.

--THE DECISION TO SIGN THE AGREEMENTS WAS APPARENTLY REACHED BECAUSE OF EXCESSIVE STOCKS AND PORTUGAL'S PRESSING NEED FOR FOREIGN EXCHANGE.

--THE DEALS REPRESENT A BITTER PILL TO THE GOP, ESPECIALLY FOR THOSE OFFICIALS WHO HAD CONSIDERED THE SOVIET UNION A PROMISING MARKET AND A POSSIBLE SOURCE OF ASSISTANCE.

EMBASSY COMMENT: THE DEALS DEMONSTRATED THAT THE OVER-VALUATION OF THE ESCUDO HAS REACHED THE POINT OF DAMAGING EXPORTS OF EVEN PRIMARY PRODUCTS. THE OVER-VALUATION MOREOVER WILL TEND TO INCREASE BECAUSE OF PORTUGAL'S COMPARATIVELY HIGH INFLATION RATE. THE GOP IS UNDOUBTADLY AWARE OF THIS TREND AND, PRESUMABLY, IS CONSIDERING THE NECESSITY OF DEVALUATION AS WELL AS OTHER IMPORT DISCOURAGING MEASURES.

2. US-SPANISH NEGOTIATIONS

MINISTER OF THE PRESIDENCY CARRO MARTINEZ INFORMED AMBASSADOR STABLER THAT, ALTHOUGH THERE WAS NOT MUCH ENTHUSIASM IN THE SPANISH GOVERNMENT, THE FRAMEWORK AGREEMENT HAS BEEN ACCEPTED AND NO ATTEMPT WILL BE MADE TO REOPEN NEGOTIATIONS. ACCORDING TO CARRO MARTINEZ:

--THE GOS WOULD NOT HAVE ACCEPTED SUCH AN AGREEMENT HAD IT NOT BEEN FOR SPAIN'S ISOLATION IN THE
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FACE OF RECENT EVENTS.

--THE AGREEMENT WILL NOT BE WELL RECEIVED BY PUBLIC OPINION SINCE THE US HAS RECEIVED A GREAT DEAL FOR VERY LITTLE.

AMBASSADOR'S COMMENT: IT WAS MADE CLEAR TO CARRO MARTINEZ THAT SPAIN'S ISOLATION AS THE RESULT OF THE RECENT EXECUTIONS HAD PLAYED NO ROLE IN THE NEGOTIATIONS. THE US HAD OFFERED WHAT IT WOULD HAVE OFFERED EVEN HAD THERE BEEN NO INTERNATIONAL REACTION. IT WOULD BE A VERY SERIOUS MATTER SHOULD THE SPANISH GOVERNMENT PRESENT THE AGREEMENT TO THE PUBLIC ON THE BASIS THAT SPAIN HAD BEEN FORCED INTO IT BECAUSE THE US HAD TAKEN ADVANTAGE OF SPAIN'S WEAK POSITION.

3. PREPCON II -- THE FIRST STRAINS

THE INITIAL OPTIMISM AT THE OPENING SESSION OF PREPCON II
FADED SOMEWHAT ON THE SECOND DAY WHEN THE PLENARY WAS
REPEATEDLY POSTPONED AS DISAGREEMENTS SURFACED REGARDING
THE TERMS OF REFERENCE FOR THE COMMISSIONS. WHILE RE-
MAINING GENERALLY SILENT DURING THE DISCUSSIONS, THE
US DELEGATION:

--REVIEWED NEW GUIDELINES FOR THE COMMISSIONS PROPOSED
BY THE SEVEN, ALTHOUGH IT WAS UNCLEAR WHETHER THE SEVEN'S
LANGUAGE WAS INTENDED TO REPLACE OR SUPPLEMENT THE
ORIGINAL FRENCH CONSENSUS PROPOSAL;

--INDICATED DISAPPROVAL OF AN ALGERIAN DRAFT AGENDA
SIMILAR TO THE SEVEN'S UNACCEPTABLE LANGUAGE AT THE
APRIL PREPCON.

4. ASMARA CALM SHATTERED

A THREE WEEK LULL IN AND AROUND ASMARA WAS SHATTERED BY
THE ELF ASSASSINATION OF THREE AMHARAS SUNDAY. THE
ATTACK PRECIPITATED A BLUNT AND VICIOUS REACTION:

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--THE EPMG BROADCAST A THREAT TO PRESERVE THE TERRITORIAL
INTEGRITY OF ETHIOPIA EVEN IF IT MEANS THE SLAUGHTER
OF ALL ERITREANS WHO SUPPORT THE ELF.

--MEMBERS OF THE JOINT COMMAND KILLED AT RANDOM ATLEAST
THIRTY ONE LOCAL RESIDENTS AS WELL AS INJURING FORTY MORE.

CONSULATE COMMENT: THE CONSULATE GENERAL IS STRUCK BY
THE OPENNESS OF THE EPMG THREAT TO ANNIHILATE ALL
ERITREAN OPPONENTS, REAL OR IMAGINED, AND THE BRUTAL
EXAMPLE. THE EPMG'S READY RELIANCE ON BRUTE FORCE
IS INDICATIVE OF ITS UNWILLINGNESS OR INABILITY AT THIS
TIME TO SEEK NONVIOLENT ALTERNATIVES TO RETURN ERITREA
TO THE FOLD.

5. SAKHAROV'S PRIZE IRRITATES KREMLIN , HEARTENS
DISSIDENTS

THE AWARDING OF THE NOBEL PEACE PRIZE TO ANDREI SAKHAROV
COMES AS A STRONG SHOT IN THE ARM TO A DISSIDENT COMMUNITY
SUNK DEEP IN THE DOLDRUMS. ACCORDING TO EMBASSY MOSCOW:

--NON-JEWISH DISSIDENTS, LACKING A VOCAL WESTERN CON-
STITUENCY, WERE PARTICULARLY HEARTENED SINCE SAKHAROV

IS VIRTUALLY THEIR ONLY SYMBOL.

--DISSIDENT ACTIVITY MAY NOW RESURGE AS WAVERERS JOIN THE MOVEMENT.

THE POLITBURO FACES THE UNATTRACTIVE ALTERNATIVES OF EITHER KEEPING SAKHAROV AT HOME AND RISKING WESTERN OPPROBRIUM, OR ALLOWING HIM TO CLAIM THE PRIZE. THE BETTING AT THE EMBASSY IS THAT SAKHAROV WILL BE OFFERED A ONE WAY TICKET TO OSLO AND THAT HE WILL NOT ACCEPT.

6. JAPANESE FOREIGN MINISTRY VIEWS ON KOREA IN UN

THE JAPANESE MINISTRY OF FOREIGN AFFAIRS BELIEVES IT UNLIKELY THE HOSTILE KOREA RESOLUTION CAN BE DEFEATED, AND THAT THE FRIENDLY RESOLUTION COULD LOSE. SUCH A SITUATION WOULD CREATE MAJOR DOMESTIC DIFFICULTIES
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FOR THE GOJ. THE FOREIGN OFFICE BELIEVES JAPAN SHOULD:

--SEEK TO MAXIMIZE ASIAN STATES' SUPPORT FOR THE FRIENDLY RESOLUTION; BUT

--TAKE CARE THAT THEY NOT BE DRIVEN INTO THE OTHER CAMP BY TOO MUCH ARM TWISTING.

, ALBANIANS REBUFF SOVIET WOOING
"

A ROMANIAN EMBASSY SOURCE IN PARIS REPORTS THAT THE SOVIETS RECENTLY ORGANIZED A FAIRLY CONCERTED EFFORT TO RESTORE PARTY AND OFFICIAL RELATIONS WITH ALBANIA.

--THE SOVIETS REPORTEDLY OFFERED A FAIRLY SIGNIFICANT ECONOMIC PACKAGE FOCUSED ON DEVELOPING TRANSPORTATION, AGRICULTURE AND INDUSTRY.

--IN RETURN THE SOVIETS HOPED TO GET POLITICAL NORMALIZATION, INTERPRETED AS AN EVENTUAL SOVIET POSITION ON THE ADRIATIC.

THE SOVIET EFFORT IS SAID TO HAVE BEEN FLATLY REBUFFED.
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